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The role of responsive and accountable public governance in achieving the Millennium Development Goals and the post-2015 development agenda

Creating an enabling environment for the post-2015 development agenda

Note by the Secretariat

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Creating an enabling environment for the post-2015 development agenda

I. Introduction

1. A key component of public administration and governance relates to the exercise of State authority to promote and manage human capital for development. The administration of national education stems from the political and constitutional governance structures in place, which affect both the level and the quality of human capital and its impact on economic growth and sustainable development.

2. The role of public administration is inextricably linked to that of managing the governance of public education, including the assessment of the quality of public sector institutions responsible for public education, skills acquisition, and research and development, which together promote national human capital and are conducive to economic growth and long-term sustainable development.

3. Underpinning the global discussion on the role of human capital in the post-2015 development agenda is a review of what was achieved during the Millennium Development Goals experience (2000-2015) and what lags behind. An overview of trends over the past decade clearly shows that, notwithstanding worldwide progress, inequalities between and within countries persist, with striking inequalities in the levels of educational attainment and outcomes at the national and community levels. Since the acquisition, adaptation and creation of information, skills and innovation are drivers of national sustainable development, a concern for finding solutions to the unequal and lagging achievements in human capital development, especially in developing countries, is leading the quest for a more meaningful framework for the future. In this context, several strands of thinking are being brought to the surface in terms of both the processes and the content of public governance of human capital as a prelude to defining the possible shape of education goals in the post-2015 development agenda.

4. Of particular note is the thinking on the importance of equity and the quality of education for the development agenda of the future. With regard to learning outcomes and their relationship to national human capital, a key focus is on improving the learning experience so that learning outcomes are both inclusive and measurable. An important dimension in setting the framework for the post-2015 development agenda is that of monitoring progress on national educational goals and targets.

5. Policy issues framing the debate on human capital development need to be given strategic consideration in any discussion on development. As the collective global discussion on the framework for the post-2015 development agenda gains ground, there is a need to review the challenges of human capital development and its relationship with public administration, public policy and development.

6. The present paper aims to present some of the major human capital challenges that the developing world faces with regard to economic development and to explore strategies aimed at building human capital development for sustainable economic growth. It draws on regional and national experiences and considers the role of the United Nations system. The purpose is to draw attention to the issues that need to be addressed and offer a basis for discussion.

7. As the role of the State has expanded beyond that of keeping law and order to that of maintaining economic stability and sustaining inclusive growth, the capacity to track and evaluate the performance of Governments has assumed greater importance in all parts of the world, be they industrialized or developing. This paper seeks to set out some thinking and developments in this regard, drawing on examples from India and other parts of the world with a view to stimulating discussion and outlining lessons that can be learned from the wider experience.

II. Human capital development for economic growth

8. Experiences and practices have proved that human capital is one of the major contributing factors to economic growth. The general definition of human capital is the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value. Human capital investment and economic growth are mutually reinforcing. Economic growth creates the conditions for better living standards for the population and greater revenue for the public sector. This often leads to an improvement in the quality of human resources as expressed by a more educated population, more highly skilled workers and greater potential for innovation, all of which are key factors driving economic growth. Economic growth paves the way for developing countries to alleviate poverty, achieve the Millennium Development Goals, make greater progress in the post-2015 period and avoid the middle-income trap.

Human capital development challenges facing the developing world

9. Over the past decades, in particular since the beginning of the twenty-first century, developing countries have made great strides in human capital development.

10. Sub-Saharan African countries have seen net enrolment rates in primary education increase from 58 to 76 per cent in a decade and over 30 African countries are on track to meet the Millennium Development Goal of achieving universal primary education by 2015. Asian countries have made significant progress in providing primary education to their population. Between 1999 and 2008, the number of out-of-school children in South and West Asia fell by 26 million. In 2009, 6.1 millions students graduated from institutions of higher learning in China while 4.9 million students graduated from universities in sub-Saharan Africa. A total of 22.9 million students were enrolled in institutions of higher learning in mainland China, while 15 million students were enrolled in such institutions in sub-Saharan African countries.

11. In 2010, 1.21 million scientists and engineers were engaged in research and development in China, ranking China second in the world. According to a report of the Ministry of Science and Technology of China, China's human capital investment accounted for 12 per cent of its gross domestic product (GDP) in 2010, contributing 32.6 per cent to the nation's economic growth. Between 1998 and 2003, the number

of scientists in the developing world rose significantly: by 52 per cent in Africa, by 36 per cent in Asia and by 11 per cent in Latin America.[1]

12. At the same time, some economies experienced growth unprecedented for developing countries. From 2001 to 2010, 6 of the world's 10 fastest-growing economies were in sub-Saharan Africa, according to the African Development Bank. Countries such as Ethiopia, Botswana, Benin and Burkina Faso have made great economic strides and were among the 25 "top movers" (out of 135 countries) in terms of the Human Development Index between 1970 and 2010.[2]

13. However, many developing countries continue to face multiple challenges in terms of human capital development with regard to meeting the needs of inclusive and sustainable economic growth leading up to 2015 and beyond.

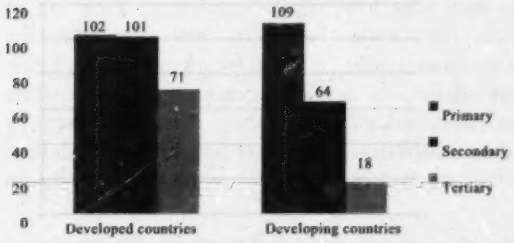
Formal education

14. The occupational success and mobility of individuals and the upgrading of technical skills are closely linked to the possession of basic formal education, yet there remain many obstacles for people in many developing countries to access quality basic formal education. Developing countries are facing two major tasks: ensuring universal primary education and improving the quality of formal education.

15. Globally, there were 775 million illiterate adults in 2010, around two thirds of whom were women. In some regions, efforts to improve the literacy rate have not made the desired progress. Between 2008 and 2010, the number of out-of-school children in sub-Saharan Africa increased by 1.6 million.[3]

16. Almost 50 million children from poor backgrounds and rural communities — most of them girls — still do not have access to primary education. The lower secondary school gross enrolment ratio was just 52 per cent in low-income countries in 2010. Secondary school intake rates in sub-Saharan Africa remain as low as 32 per cent. For those who are enrolled in school, millions are failing to learn the basics, such as achieving literacy.

Gross enrolment ratios for developed and developing countries in 2007



Source: Human Development Report 2010.

[1] Jacques Gaillard, "Measuring research and development in developing countries: main characteristics and implications for the Frascati Manual", *Science, Technology and Society*, Vol. 15, No. 1 (March 2010), pp. 77-111.

[2] United Nations Development Programme, *Human Development Report 2010: The Real Wealth of Nations — Pathways to Human Development* (Basingstoke and New York, 2010).

[3] United Nations Educational, Scientific and Cultural Organization, *Education for All Global Monitoring Report: Youth and Skills — Putting Education to Work* (Paris, 2012).

17. As the figure indicates, in 2007 the tertiary gross enrolment ratio of developing countries was one fourth of that of the developed world. In sub-Saharan Africa, it was 5 per cent. In addition, higher education is becoming more inaccessible to the poorer sections of society in developing countries.

18. For many countries, especially developing countries, access to adequate funding continues to be the main problem. Insufficient domestic revenues are allocated. As table 1 indicates, between 1999 and 2010 per capita public education spending was very low, with the low-income countries spending only $22, or 3.4 per cent, of the world average. As bilateral donors have failed to deliver on their commitments regarding long-term predictable financing for the education sector, sub-Saharan Africa received only around half the increase it was promised. The public sectors are not able to provide adequate services. For the poorest of the poor in some developing countries, school fees and other costs continue to discourage school attendance and enrolment. According to a 2011 report on education franchising in India, the education sector in that country requires investment worth $150 billion over the next 10 years.

Table 1
Public spending on education, by region and income level, 1999-2010

	Public education spending				
	Percentage of gross national product		*Real annual growth rate (Percentage)*	*Per capita (constant 2009 US$)*	
World	4.5	4.9	2.7	528	644
Low-income countries	3.1	4.6	7.2	15	22
Lower-middle-income countries	4.3	4.8	3.1	83	105
Upper-middle-income countries	4.6	4.7	5.3	250	332
High-income countries	5.0	5.4	2.3	1 489	1 792

Source: Education For All Global Monitoring Report (2012).

Skilled workers

19. Skilled workers stand a chance of getting jobs that pay decent wages and of becoming a productive force in the economy. But in developing countries, many people do not acquire the necessary skills. The Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UNESCO) carried out an analysis of 59 countries and found that in 30 of them, at least half of all young people between 15 and 19 years of age lacked foundational skills, let alone transferable and technical skills. Employers in many African countries note that the workforce is inadequately educated and that this is a problematic factor for doing business.

20. In their report on human resources development, Wu Jiang and Tian Xiaobao noted that by the end of 2010 there were 112 million skilled workers in China, in other words workers who had received some training and had qualifications and certificates. Of those skilled workers, 25.6 per cent were classified as high-skilled

workers. This rate was significantly lower than the rate of high-skilled workers recorded in the developed countries (35 per cent). An analysis of the statistics of some selected public employment agencies in China indicated that 54 per cent of available jobs required qualifications and certificates.

21. In India there is a significant shortage of skills throughout the formal economy. In a study, the Confederation of Indian Industry and the Boston Consulting Group estimated that India was likely to increase its deficit of 5.25 million employable graduates and vocationally trained workforce by 2012.

Table 2
Output per worker, constant $2,000 at purchasing power parity, 1996 and 2002-2006

Productivity levels	*1996*	*2002*	*2003*	*2004*	*2005*	*2006*
World	15 824	17 626	18 019	18 613	19 150	19 834
East Asia	6 347	9 345	9 965	10 745	11 552	12 591
South-West Asia and the Pacific	8 068	8 202	8 520	8 860	9 067	9 419
South Asia	5 418	6 353	6 662	7 111	7 531	7 998
Latin America and the Caribbean	17 652	17 337	17 228	17 758	18 250	18 908
North Africa	12 967	13 962	14 174	14 159	14 292	14 751
Sub-Saharan Africa	4 490	4 618	4 677	4 806	4 935	5 062
Middle East	22 130	20 990	21 273	21 119	21 630	21 910

Source: Report by Zhanghi and Gao Shuguo on rejuvenating the nation through human resources development (2010).

Human capital flight

22. Every year, thousands of highly talented engineers, scientists and other intellectuals leave developing countries and migrate to developed countries in search of a better living standard, among other reasons.

23. The African Capacity-Building Foundation has estimated that 20,000 skilled personnel from African countries migrate to the developed world every year and that Africa spends roughly $4 billion a year to hire foreigners to meet the demand for skilled workers.[4] In the Caribbean countries, over 85 per cent of individuals with a tertiary education emigrate from countries such as Grenada, Guyana and Trinidad and Tobago.

24. Human capital flight can have profound economic, social and development effects on the countries of origin, especially if they are small. It can reduce the amount of human capital available in developing countries, including dynamic and innovative people. It can have negative effects in terms of scientific output and of nurturing entrepreneurism. It can slow the transfer of technology and widen the gap between the developing and developed world.

[4] African Capacity-Building Foundation, *Market for African Development Management Professionals* (Boulder, Colorado, Lynne Rienner Publishers, 2007).

Research and development

25. Weakness in terms of the originality and innovation of their human capital, the limited number of research and development personnel in the business sector and the low level of the research and development practiced by their human capital continue to impede developing countries in their search for the progress they urgently need.

26. One study found that, in 2006, 115 developing countries contributed only 20 per cent of the world's scientific publications, most of which were produced in some of the bigger countries. According to that study, the scientific articles published by developing country scientists had less impact at the international level.[1] Countries in Tropical sub-Saharan Africa have only 18 scientists and engineers per million population, compared with 69 in South Asia, 76 in the Middle East, 273 in Latin America and 903 in East Asia. In the developed world, this figure is much higher. The research and development machinery in place in the countries of the Organization for Economic Cooperation and Development is 50 times greater than that of their counterparts in developing countries. Tropical sub-Saharan African countries produce roughly 5 per cent of the average patents per capita in the rest of the developing world. According to figures released by the State Intellectual Property Office of China, only 14.2 per cent of the registered patents in China were inventions, while in other countries 78.6 per cent of registered patents were inventions. In terms of the proportion of the budget devoted to research and development, most developing countries invest much less than 1 per cent of GDP, with some countries in Central Asia investing as little as 0.1 per cent of GDP.

Informal sector

27. The informal sector is a pervasive and persistent economic feature of most developing economies. Recent estimates of the size of the informal sector in developing countries range between roughly 20 and 80 per cent of non-agricultural employment. In the poorer countries in Latin America and the Caribbean, the informal sector accounts for more than half of all non-agricultural employment. In a survey of five African countries (Kenya, Senegal, the United Republic of Tanzania, Zambia and Zimbabwe), it was found that about half of informal sector workers have either no education or just a primary education, and that less than 5 per cent of such workers had a post-secondary education.[5] Low educational levels limit the ability of a person to be trained and lead to low levels of skills.

28. The informal sector receives little attention in most countries in terms of skills training. In fact, the review of 46 developing countries conducted by UNESCO for its *Education for All Global Report 2012* shows that most countries do not have a national skills development strategy that explicitly addresses the informal sector. Few training programmes are available for those working in the informal sector, and many such programmes are considered theoretical in focus, expensive, rigid and too standardized to meet the multi-skill needs of the highly diverse informal sector.

[5] Haus Christian Haan, *Training for Work in the Informal Micro-enterprise Sector: Fresh Evidence from sub-Saharan Africa*, Technical and Vocational Education and Training: Issues, Concerns and Prospects Series, vol. 3 (Dordrecht, the Netherlands, Springer, 2006).

Policy measures for human capital development in the developing countries

29. Over the years, developing countries have adopted innovative, coordinated and holistic approaches to ensure further progress in terms of human capital development.

Making education more accessible

30. Education is the great catch-up opportunity for developing countries, as the influence that education has on economic growth in developing countries tends to be stronger. While a formal primary education enables young children to gain foundational skills such as reading and arithmetic, secondary education provides the most effective way to develop the skills needed for work and life.

31. Many developing countries, including those mentioned below, have taken measures to make sure that education better serves children, particularly the most disadvantaged in society:

(a) **India**. In 2009, the parliament passed the Right of Children to Free and Compulsory Education Act, which came into effect in April 2010 and consolidated the existing compulsory education acts of individual states; it also included provisions guaranteeing the right of all the children to a free and compulsory education;

(b) **China**. The State Council adopted a national education reform and development plan for 2010-2020 on 6 May 2010; the plan specifies that the Government will make sure no school-age child will drop out of school because of poverty, location of residence or problems learning during a compulsory nine-year period;

(c) **South Africa**. The Government and stakeholders have made a collective commitment to ensure improved universal access to quality basic education and schooling (up to grade 12) that is purposefully focused on achieving a dramatic improvement in education outcomes for the poor;

(d) **Indonesia**. In 2005, the Government implemented the Free Basic Education Policy, abolished school fees and, through the school operational assistance programme, introduced grants to guarantee the ability of schools to finance their operational costs;

(e) **Brazil, Chile and Mexico**. Cash transfer programmes, such as Brazil's "Bolsa Escola" and "Bolsa Familia", Mexico's "Oportunidades" and Chile's "Chile Solidario", were implemented;

(f) **Cambodia, Kenya, Nigeria and the United Republic of Tanzania**. Official school fees were eliminated;

(g) **Timor-Leste**. Uniform requirements were removed during the tuition fee abolition process of 2000.[6]

[6] Raja Beutaouet Kattau, *Implementation of Free Basic Education Policy*, Education Working Paper Series, No. 7 (Washington, D.C., World Bank, 2006).

32. For developing countries, increasing access to education, including universal primary education, is far from enough. Much more is needed to make formal education function better in accordance with the principles of equity and quality: efforts must be made to address the disparities between schools, regions and urban and rural areas. Developing countries must adopt innovative approaches to make progress and catch up with the developed world.

Ensuring vocational training for workers

33. Technical and vocational education and training opportunities exist in a variety of economic sectors, including retail, tourism, information technology and cosmetics, as well as in traditional crafts and cottage industries. Globally, vocational skills development approaches exist in formal settings (see, for example, the dual modes of training method, the national qualification frameworks and the competence-based training) and in informal ones (see, for example, the experience of the traditional apprentice). Despite having been overlooked in many developing countries, technical and vocational education and training has increasingly gained significance in the development of human capital development strategies:

(a) **African Union**. Technical and vocational education and training is one of the six areas of focus of the plan of action for the Second Decade of Education for Africa (2006-2015), in the context of which the African Union advocated the development of vocational skills as part of an economic growth strategy for Africa, and called for greater integration between post-primary education and training systems;

(b) **China**. As detailed by Yu Zuguang and Zhou Fenghua in their overview of China's vocational education reform, the Government launched a major programme to enhance its technical and vocational education and training. That included the following measures: the investment of ¥10 billion from 2006 to 2010 in secondary vocational schools, technical colleges and internships; the allocation of ¥500 million from 2006 to 2010 to train teaching staff; the expansion of enrolment at secondary vocational schools and technical colleges; the provision of financial support to 90 per cent of enrolled students enrolled; the provision of free technical and vocational education and training for students from poor rural and urban families and those enrolled in agriculture-related specializations;

(c) **India**. The Government started a skills development initiative scheme in 2007 with the objective of training 1 million persons through short-term modular courses over five years at a cost of Rs 5.5 billion and then 1 million every year thereafter. In addition, the Indira Gandhi National Open University has undertaken skills development initiatives by establishing the School of Vocational Education and Training;

(d) **Colombia**. The Tutorial Learning System provides high-quality secondary education to rural populations with little or no access to traditional secondary education, emphasizing community development, entrepreneurship and sustainable agriculture.

34. It is estimated that, on average, two thirds of the population in most developing countries work in jobs that require vocational education and training. Some challenges remain. The first is the perception that technical and vocational education and training is for those with a low level of academic achievement. The

second is associated with costs, as the provision of technical and vocational skills is expensive. The third is that instructors need to ensure that their teaching methods are adapted to the various vocational training opportunities available.

Securing funding for investment in human capital

35. Investment in human capital is a basic and strategic move that has great bearing on long-term development. In times of financial constraints, countries endeavour to explore innovative ways of sustaining the necessary levels of resources. Examples of innovative approaches adopted in China and India are set out below:

(a) China has specified that it aims to invest 13 per cent of GDP in 2015 and 15 per cent of GDP in 2020 in human capital. The Government would levy an education surcharge equal to 3 per cent of either value added tax, business operation tax or consumption tax, whenever that tax is applicable. The education surcharge would then be reinvested into education. The Government of China makes clear that the budget for major national research projects will include a budgetary item for training. In the meantime, the Government has achieved its goal of spending 4 per cent of GDP on education by 2012;

(b) India has more than doubled the amount of funds it allocates for skills development under the National Skills Development Fund from Rs 10 billion, to Rs 25 billion.

36. For many developing countries, particularly those in Sub-Saharan Africa, international aid in education and technical and vocational education and training represents a large portion of their human capital development funding. As the total aid they received decreased in real terms in 2011, the situation is worrying and demands greater attention. Developed countries need to live up to the promise made to allocate 0.7 per cent of their GDP to official development assistance.

Tapping the potential of the informal sector

37. The informal sector has emerged as a reality and has to be recognized for policy purposes. Workers and economic units in the informal economy have a large entrepreneurial potential. The informal economy could also serve as an incubator for businesses and an opportunity for on-the-job skills acquisition. Improved technical and business skills are of prime importance for enhancing the productivity of informal sector activities. The following are examples of measures taken by some States:

(a) **Benin, Mali and Togo**. Innovative approaches have been adopted to develop traditional apprenticeship into a structured and competitive post-primary vocational training system capable of providing skills training and qualifications for young people;

(b) **India**. The urgent need to address the challenges of the informal economy has led the Government to provide technical and entrepreneurial skills to workers in the informal sector through a national vocational training system;

(c) **Kenya**. The Government established the Jua Kali voucher programme, which expanded the supply of training to workers in the informal sector and helped to lower training costs.[7]

38. Because it is unstable, the informal sector is unlikely to offer training (any long-term investment would be unviable). Most school leavers, especially early school leavers, make a living as self-employed workers in the informal economy. With little access to formal vocational training, the vast majority of them resort to makeshift mechanisms (on-the-job training, self-training or traditional apprenticeships). Governments should continue to explore ways of supporting the development of skills in the informal sector.

Enhancing research and development in human capacity

39. Globalization has resulted in a tremendous acceleration in the pace of technological innovation. Enhancing human capacity in research and development is a task of strategic importance, and one that needs to be high on national human capital development agendas. Many developing nations have undertaken major initiatives, including the following:

(a) **United Republic of Tanzania**. The Ministry of Science, Technology and Higher Education embodies the vision that higher education and training in science and technology are key to developing human resources for economic growth;

(b) **Uganda**. The Millennium Science Initiative of the World Bank finances high-quality research, undergraduate science and engineering programmes, academia-private sector partnerships, student internships, science and policy, and efforts to integrate science in schools and communities. Its objective is to increase and retain a pool of professionals with high levels of training in science and engineering relevant to the country's development needs;

(c) **China**. Measures are being taken to attract talented expatriates, particularly scientists, engineers and scholars, among others, to work in China. One set of measures is related to basic working and livelihood conditions, such as facilitating access to residence permits, offering tax breaks, free life insurance, favourable housing conditions and good quality schooling for children and assisting spouses in finding employment. The second set of measures is related to career development. Talented workers from overseas can assume leadership positions in Government institutions, participate in the formulation of national standards in their professional area, participate in major national research and development projects and assume important roles and start their own business in high-technology areas and business incubators under favourable policies. The third set of measures is related to material incentives. Incentives extended to research and development personnel include higher salaries, bonus stock, stock options, stock futures and profit-sharing arrangements.

40. In addition, through its Strategy for Higher Education, Science and Technology (2008), the African Development Bank supports strengthening national and regional centres of excellence in science and technology, building and rehabilitating existing science and technology infrastructure and linking the Strategy

[7] Arvil V. Adams, "Skills development in the informal sector of sub-Saharan Africa" (World Bank, 2008).

to the productive sectors. Through its Human Capital Development Strategy (2012-2016), the Bank reaffirmed its commitment to higher education, science and technology and its support for scientific research and innovation in biotechnology, engineering and information and communications technology.

41. The speed at which progress is being made with regard to science and technology makes it all the more urgent for developing countries to build their own forces of scientists and engineers to manage the acquisition, absorption and diffusion of technological innovation relevant to development. Recently, taking advantage of the science and technology diasporas has become popular in developing countries. However, research suggests that the sustainability and effectiveness of this approach remains to be proved.[1] International organizations, especially United Nations agencies, can play a critical role in promoting human capital development with a view to achieving economic growth and development goals.

III. Reporting, monitoring and evaluation of publicly funded projects, service delivery and Government performance

42. In many countries, performance evaluations all too often relate to outputs rather than to outcomes, and the absence of initial benchmarks and a clear set of targets against which performance can be measured can stymie the process. Further, a poor identification of the existing environmental and administrative factors (e.g. poor infrastructure, inadequate assessment of risk and multiple decisions-making) points to the lack of frameworks for adequate coordination and communication, leading to fuzziness with regard to who is responsible for what, which makes performance evaluation a difficult task. Inadequate attention to the issues related to performance monitoring and evaluation at the stage of policy formulation muddies the waters further.

43. Broadly speaking, the current systems of accountability for results are flawed by:

(a) Fragmentation of institutional responsibility for performance management: departments are often required to report to multiple principals with diverse objectives that may not be consistent across different authorities and are often characterized by fractured responsibilities, in other words, implementation of and accountability for results is diluted because an initiative is being led by numerous departments or ministries without a proper mechanism for accountability or coordination;

(b) Selective coverage by some systems, making performance management and evaluation an incomplete exercise;

(c) Significant time lags in performance reporting so that by the time the reports are available, the contexts (e.g. the issues facing the institutions) have changed.

44. Another challenge that is often encountered relates to the "silos mentality" of administrative departments, which undermines genuine team efforts. An aspect that assumes greater importance in federal constitutions than in unitary constitutions is the need for greater coordination between federal, state and local bodies. This is further compounded by the need to ensure coordination between autonomous public

sector institutions. In instances where projects are undertaken with the help of external agencies, coordination can get further complicated.

45. All too often, where planning is divorced from considerations of implementation and the laying down of monitoring and evaluation standards, it becomes difficult to carry out monitoring and evaluation activities. Poor attention to any synergy that may exist between different activities (e.g. supply of safe drinking water and improvements in health) and that could have a bearing on the success of different projects as individually measured is another aspect that makes it hard to carry out performance monitoring and evaluation activities.

Key challenges

46. Given the above, the key challenges in performance monitoring and evaluation are:

(a) Output-oriented rather than outcome-oriented indicators in evaluating performance;

(b) A silos mentality in departments, which prevents workers from engaging in genuine team efforts and from doing their work in a timely manner;

(c) Lack of adequate teamwork between central and state governments and local bodies in federal structures;

(d) Lack of adequate communication between main actors, for example, governments, citizens, autonomous public sector institutions, external funding agencies and clients of governments;

(e) Need for a well-understood process and well-laid out road maps for bringing about change in performance management, including:

(i) Initial assessment of performance in a well-understood framework;

(ii) Inadequate identification of the existing environmental factors that prevent better performance: for example, making multiple and contradictory pronouncements and giving multiple and contradictory directions to departments, and having multiple principals, which leads to fuzziness in terms of responsibility and confusion when it comes to understanding the goals to be achieved;

(f) The tendency to "pass the 'buck" for non-delivery;

(g) Separation of planning from implementation;

(h) Lack of a vigorous evaluation of policies at the policy stage and a tendency to not treat implementation as an important consideration;

(i) The need to distinguish implementation or management failure from policy failure;

(j) Superimposition of monitoring and evaluation processes on existing organization-specific systems that evolved in the past without adequate attention being paid to the changes required when integrating the new processes into the existing organizational architecture;

(k) Lack of adequate integration of the monitoring and evaluation processes at the initial planning and budgeting stages (South Africa is reputed to have been more successful in this sense);

(l) The need to go beyond monitoring performance to evaluating outcomes (as Uganda seems to have done with regard to its poverty eradication plan);

(m) Data vary from country to country and baseline information is often not available;

(n) The need to consider whether to choose a decentralized or a national direction when it comes to formulation and implementation on the one hand, and to monitoring and evaluation on the other hand;

(o) Fragmented institutional responsibilities (owing, for example, to the existence of multiple principals and objectives), poor incentives for better performance and poor and delayed feedback on evaluation outcomes;

(p) Absence of performance agreements between the minister and the secretary of a department that would provide physical, verifiable targets;

(q) Inadequate attention to the potential of information technology in performance monitoring and evaluation, which requires capacity-building and systems integration;

(r) Inadequate attention to the development of statistical standards, which is often an important precondition for planning, monitoring and evaluation;

(s) Absence of an appropriate human resources management system, which will lead to the ineffective utilization of the available human resources; the key concerns that need to be addressed in this regard are:

(i) Incentive system: It is important that an appropriate incentive system be created for rewarding good performance and punishing non-performers;

(ii) Clarifying accountability: New accountability mechanisms will be effective only if they have legal validity.

47. Performance assessments and the evaluation of outputs or outcomes, however, cannot always be fully accomplished without some quality assessment having been made on the basis of intelligent observation by individuals and agencies and of field studies involving conversations with communities at the ground level. No amount of data can substitute an honest assessment of the outcomes of publicly funded projects and delivery of services by intelligent observers (see, for example, the report by Daniel Thorner on the impact of the green revolution in India in the 1960s); or, for that matter, commentary in the press that is known for its objectivity and proper investigation. No amount of formal records can substitute for intelligent observation of this kind.

Initiatives and best practices

48. The following paragraphs provide some examples of practices adopted in performance monitoring and evaluation.

India

49. In recognition of the importance of performance monitoring and evaluation, in the 1950s India established a programme evaluation division within its Planning Commission that was chaired by the Prime Minister. The division functioned at one remove from other Government departments and carried the responsibility for monitoring performance and evaluation at the national level (but also at the state level, where federal funding was also involved). While the programme evaluation division has provided considerable feedback over the years, there has been a growing recognition that India needs to overcome the challenges and lacunae in planning through performance monitoring and evaluation.

Results framework document

50. Building on experience, the Government of India has introduced results framework documents as a central tool for planning, monitoring and evaluation. The main features of the documents are the following:[8]

(a) Eighty departments and ministries and 800 responsibility centres in the Government of India are required to prepare such documents;

(b) The results framework documents represent an understanding between the minister and the secretary of a department regarding its vision, mission, objectives, priorities, success indicators and targets for the year;

(c) Following the adoption of the results framework documents, performance monitoring and evaluation is undertaken within the agreed time frames set out in the respective documents and graded on a scale from "excellent" to "poor";

(d) A department's performance is measured by considering all relevant variables (financial, physical, quantitative and qualitative, and in terms of efficiency).

51. The aim is to focus on variables that are within the control of the department being monitored and evaluated.

52. The merits of the results framework document system are the following:

(a) It introduces explicit prioritization by giving weights to objectives and performance indicators;

(b) In place of evaluating against a single point target, it evaluates success against a range (e.g. if the target is building 15,000 km of road but the achievement is 14,500 km, how do we judge it?); it allows for deviations with appropriate weights.

53. In conjunction with the above, an incentive system for better performance is also being pursued. The elements of this incentive system include:

(a) Variable increments for rewarding better performance;

[8] Prajapati Trivedi, "Indian experience with the performance monitoring and evaluation system for Government departments", presented at the Second International Conference on National Evaluation Capacities, Johannesburg, South Africa, 12-14 September 2011.

(b) Extra increments in salary for exceptionally good performance (as recommended by the Fifth Pay Commission of India) and the denial of normal increments for exceptionally poor performance;

(c) Redesigning performance appraisal systems, taking into account their efficacy (e.g. to avoid every civil servant getting the same performance assessment because the supervising officers wish to avoid trouble).

Civil society initiatives in performance management in government[9]

54. While the focus of the present paper is on performance management mechanisms in government, it is worth looking at a few groundbreaking accountability tools developed by civil society that can be helpful in improving performance management:

(a) **Citizen's report cards**. These report cards are surveys that solicit user feedback on the performance of public services to enhance public accountability. The scores reflect the quality of the performance of public service providers based on feedback provided by citizens. Citizen report cards have the potential to evolve as a tool in support of performance management;

(b) **Community score cards**. These are a community-based monitoring tool that combines social audits and citizen reports to promote social and public accountability and responsiveness from service providers. The fact that citizens are empowered to provide immediate feedback to service providers facilitates community monitoring and performance evaluation of services and projects of local federal government agencies;

(c) **Social audits**. These are a mandatory process whereby records are opened up by government officials or elected representatives for public scrutiny with a view to increasing transparency. Social audits are required for the programmes delivered under the National Rural Employment Guarantee Act, which is mandated to provide 100 person days of employment to every person in rural areas who has no other livelihood sources and for the services delivered under the aegis of the National Rural Health Mission.

Experiences of selected developing countries

Singapore

55. Singapore has an incentive system that aims to improve the performance of all ministries and the economy as a whole. In line with the system, ministers and civil servants are remunerated on the basis of a fixed component and a variable component, with the latter being linked to the following variables:[10]

(a) Median income growth rate in real terms;

(b) Growth rate of income of the lowest 20 percentile earners;

(c) Unemployment rate;

(d) Rate of GDP growth.

[9] India, Department of Administrative Reforms and Public Grievances, "Performance management in Government" (Centre for Good Governance, 2009).

[10] Singapore, "Salaries for a capable and committed government" (Singapore, 10 January 2012).

South Africa[11]

56. Post-apartheid South Africa is faced with a challenging environment as it tries to reposition itself in the pursuit of equity and social justice for each citizen. In responding to this immense challenge, the Government has taken a number of steps to track and improve its performance, including by:

(a) Developing links between strategic and performance management;

(b) Creating the Department of Performance Monitoring and Evaluation in the Office of the President, in 2009;

(c) Reporting on service delivery using a system of 32 indicators;

(d) Establishing an innovative system that tracks human resources indicators in government services (such as turnover and vacancy rates, leave trends and termination of employment) as a means of improving performance;

(e) Reviewing the quality of data and taking steps to establish an architecture for performance monitoring and evaluation that includes:

(i) The creation of the Department of Performance Monitoring and Evaluation in the Office of the President in 2009;

(ii) An early warning system on bottlenecks;

(iii) Performance agreements between the President and the political principals;

(iv) Institutionalization of regular meetings of officials through the Forum of South African Directors-General (this does not include the participation of Governments).

Uganda[12]

57. Uganda has established an integrated national monitoring and evaluation mechanism in pursuit of poverty eradication. The poverty eradication action plans have constituted the overarching policy framework for achieving economic development in Uganda since 1997 and the country's main strategy framework for achieving the Millennium Development Goals. Thus, monitoring and performance indicators are built into the planning and governance framework.

Experiences of selected industrialized countries

58. The challenges posed by performance management and evaluation tend to be qualitatively different in industrialized countries than in developing or newly independent countries because the former are better endowed with human and material resources and have well-established conventions or practices with regard to administration and human resources. However, industrialized countries face the challenge of improving their own governance through the adoption of better systems

[11] Ronette Engela and Tania Ajam, "Implementing a Government-wide monitoring and evaluation system in South Africa", *ECD Working Paper Series No. 21* (Washington, D.C., World Bank, July 2010).

[12] Uganda, Ministry of Finance, Planning and Economic Development, "Uganda national report for the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010" (January 2010).

for monitoring and evaluation, as is evident by the eruption of the global economic crisis that has engulfed the richer world in recent years, spurring the need for more effective action in this regard. Some of the steps that have been taken both before and after the economic crisis in this regard include:

(a) **United Kingdom**. Public service agreements set out the aims and objectives of the departments of the Government of the United Kingdom for a three-year period. Such agreements also describe how targets will be achieved and how performance against these targets will be measured. An agreement may consist of a departmental aim, a set of objectives and targets and details of who is responsible for delivery;

(b) **United States of America**. The Government Performance Results Act of 1993 requires the President of the United States to sign a performance agreement with the members of his or her cabinet. The Act requires agencies to engage in project management tasks such as setting goals, measuring results and reporting on progress made.

59. In large parts of the industrialized world, steps are being taken to bring the public debt under control, align monetary and fiscal policies and regulate banks through the adoption of better management and monitoring standards (see, for example, the Third Basel Accord) and devising mechanisms for coordinated action requiring closer analysis and more regular reporting of performance and evaluation based on better standards. Devising and implementing more robust performance and evaluation standards can, on one level, pose even deeper challenges in industrialized than in developing countries because the former countries tend to be more integrated in the world economy through financial and trade links and competition for skills. Taking effective action at the national level can prove to be quite challenging.

IV. Role of the United Nations system in promoting human capital development within the framework of the post-2015 development agenda

60. Human resources development has long been on the United Nations development agenda. The five interacting components that were seen as major building blocks for effective human resources development two decades ago continue to be relevant in today's globalized world (see A/48/364, para. 5):

(a) Promoting lifelong acquisition of knowledge, skills and competencies;

(b) Facilitating the application of knowledge, skills and competencies;

(c) Improving access to assets (such as land, shelter, capital and information);

(d) Sustaining human resources through policies and regulatory mechanisms;

(e) Ensuring a modicum of the sense of individual, local and national security: peaceful political and favourable national and international economic conditions.

61. During the sixty-sixth session of the General Assembly, the Secretary-General submitted a report containing information on lessons learned from the global financial and economic crisis on the requirements for human resources development to help countries prevent and overcome the negative effects of crises and to progress towards a more sustainable path of development. Several recommendations building

on successful national experiences were put forward in the report. Specifically, it was recommended that Governments better align education and training systems and labour market needs, upgrade human skills, strengthen social protection systems and dedicate more official development aid to human resources development, among other steps (see A/66/206, para. 82).

62. The United Nations can provide guidance and advice, including on the establishment of relevant institutions and the application of the relevant legislation. The United Nations Public Administration Network can facilitate mutual learning among Governments and international, regional and national institutions for human capital development.

63. United Nations agencies such as the International Labour Organization, UNESCO and the United Nations Industrial Development Organization provide human capital development assistance in their focus areas, with programmes and activities ranging from technical training to capacity-building and infrastructure support. The United Nations could play a role in coordinating these activities to make the assistance more relevant and efficient.

Conclusions

64. Human capital development continues to pose challenges to developing countries as they make efforts to raise the overall level of education of their population, increase productivity and strengthen human capacity.

65. Economic development is crucial for improving overall human capital competitiveness. Broad national consensus needs to be achieved in developing countries with regard to making sustainable economic development the top priority, as economic growth can be achieved only in an environment where external peace and internal stability are sustained.

66. Developing countries need to develop their own human capital development strategies to achieve their development goals. There are marked differences in social background and natural endowment among developing countries and, naturally, there is no one-size-fits-all solution to human capital development challenges. The following broad points should be observed for developing countries:

(a) Human capital development strategies should be developed in line with the national economic and social development agenda;

(b) The goal or strategy should be to build indigenous human capital capacities through innovative approaches;

(c) A gender-sensitive perspective should be brought to the analysis and design of human capital development strategies;

(d) In developing a strategy, Governments should consult with social partners, including business, labour and professional organizations;

(e) Governments should draw on international experiences;

(f) There should be a time frame for the implementation of the strategy;

(g) There should be a functional assessment and evaluation mechanism in place.

67. In general, the success of monitoring and evaluation processes will crucially depend not only on technical and human capacities but also on the political will, which in turn might depend upon the importance of democratic mandates for governance. As the findings of the present paper indicate, a greater effort by Governments to go beyond the technical frameworks of performance monitoring and evaluation is needed if governance for results is to become an effective tool.

68. In part, governments perform poorly because they are so complex. This can be addressed to some extent through downsizing by consolidating mandates.

69. In the drive to improve performance monitoring and evaluation, the need or scope for systemic reforms (for example, new modes of delivery such as public-private partnerships, the decentralization of government, etc.) should not be forgotten. The scope for innovative modes of governance should be part of the wider discussion on the performance evaluation of governments.

70. As indicated in the present paper, there have been several successful examples of performance monitoring and evaluation in different parts of the world and there is much that countries could learn from each other by tracking and internalizing these examples through training and by creating the necessary capacities in their respective countries. As is widely recognized, performance management and evaluation is essentially a political — rather than a bureaucratic — act that requires political commitment and the devising of a system of incentives for monitoring and evaluation that focuses on outcomes rather than on outputs, as well as the capacity to take follow-up action effectively, with an open mind and keeping the citizen at the centre of attention. The varied experience of different countries in this regard provides an opportunity to replicate what is successful, mindful of the varied historical situations and the human and other resources constraints that individual countries face.

71. The United Nations and the other multilateral institutions can play a significant catalytic and technical assistance role in taking it forward. In support of the framework for the post-2015 development agenda, it is necessary to promote what is good and minimize the negative.